

Message Text

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64

ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 /089 W

----- 125271

R 250811Z FE 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2883

INFO AMEMBASSY TOKYO

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L JAKARTA 2526

E.O. 11652: GDS

TAGS: ENRG, ECRE, ID

SUBJECT: ARUN LNG PROJECT

REF: MEDAN 0069 (NOTAL)

1. PERTAMINA'S DIRECTOR OF REFINING AND PETROCHEMICALS, COL. SOEDARNO, HAS ISSUED LETTER TO ALL PROJECT PARTICIPANTS (BECHTEL, MOBIL, PERTAMINA, AND JAPANESE) REQUESTING THEM TO PREPARE "MINIMUM ALTERNATIVE" OPTIONS. RESPONSES WILL SERVE AS BASIS FOR FORMAL "DECISION" ON HOW TO PROCEED WITH ARUN LNG PROJECT IN LIGHT OF REDUCED FINANCING POSSIBILITIES. IT IS GENERALLY REGARDED AS FOREGONE CONCLUSION, HOWEVER, THAT PROJECT WILL BE CUT BACK INITIALLY TO ONE GAS TRAIN WITH TWO ADDITIONAL TRAINS SLATED FOR LATER CONSTRUCTION (PARA ONE, REFTEL). CONSTRUCTION OF FIRST TRAIN NOW EXPECTED TO BE ABOUT ONE YEAR BEHIND SCHEDULE.

2. MOBIL OFFICE HERE CONFIRMS THEY HAVE BEEN APPROACHED BY PERTAMINA RE ADDITIONAL FINANCING. COMPANY RESPONDED NEGATIVELY, INDICATING MOBIL HEADQUARTERS NOT NOW WILLING PUT UP ANY MORE MONEY SINCE MOBIL ALREADY HAS SOMETHING LIKE \$450 MILLION TIED UP
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IN ARUN.

3. MEANWHILE, GOI STILL CLINGING TO HOPE THAT JAPANESE CAN BE
PERSUADED TO PUT UP ADDITIONAL MONEY. AT INSTRUCTIONS OF
PRESIDENT SUHARTO, OIL AND GAS DIRECTOR WIJARSO AND PERTAMINA
OFFICIAL TIRTO UTOMO PLANNING VISIT TO TOKYO FIRST WEEK IN
MARCH FOR TALKS WITH JILCO (JAPAN-INDONESIA LNG IMPORT CO.) AND
OFFICIALS IN GOJ. WIJARSO HAS INDICATED HE ALSO WANTS TO CONTACT
OTHER LENDING SOURCES E.G., MIDDLE EAST COUNTRIES, IN EFFORT
OBTAIN FUNDS FOR CONSTRUCTION THREE ADDITIONAL TRAINS.
NEWSOM

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

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Disposition Approved on Date:
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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EO Systematic Review
04 MAY 2006

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